1   _____ BILL NO. _____

2   INTRODUCED BY _____

                            (Primary Sponsor)
3

4   BY REQUEST OF THE GOVERNOR

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6   A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A JOB GAINS TAX CREDIT; PROVIDING

7   DEFINITIONS; PROVIDING A $500 TAX CREDIT AGAINST INDIVIDUAL INCOME TAXES OR CORPORATE

8   LICENSE TAXES FOR EACH QUALIFYING NEW JOB; PROVIDING A $650 TAX CREDIT AGAINST

9   INDIVIDUAL INCOME TAXES OR CORPORATE LICENSE TAXES FOR EACH QUALIFYING NEW JOB

10   CREATED BY A BUSINESS ENGAGED IN COMPUTER MANUFACTURING OR SOFTWARE SERVICES;

11   ALLOWING A TAXPAYER TO ALSO CLAIM THE NEW AND EXPANDING INDUSTRY CREDIT IF CERTAIN

12   CONDITIONS ARE MET; ALLOWING A CARRYOVER OF UNUSED CREDITS; AND PROVIDING

13   APPLICABILITY DATES."

14

15   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16

17   NEW SECTION. **Section 1. Job gains tax credit -- definitions.** As used in [section 2] and this

18   section, the following definitions apply:

19   (1) "Computer manufacturing" means computer and peripheral equipment manufacturing as

20   described by the North American Industry Classification System of 1997 published by the U.S. bureau of

21   the census.

22   (2) "Expanding business" means a business that has expanded or diversified a present operation

23   to increase total full-time employment by three jobs or more.

24   (3) (a) "New business" means a business engaging in a business operation for the first time in the

25   state.

26   (b) A new business does not include:

27   (i) a corporation or other business entity reorganized from a previously existing corporation or

28   business entity that has been engaged in a business operation in this state; or

29   (ii) a corporation or other business entity created as a parent, subsidiary, or affiliate of an existing

30   corporation or other business entity that has been engaged in a business operation in this state of which

1   20% or more of the ownership is held by the corporation or by the owners of the business entity or by

2   the stockholders of the corporation or business entity.

3   (4) "Software services" means the design, development, and production of computer programming

4   services, prepackaged computer software, or bundling software with purchased computer hardware for

5   specific applications, as described by the North American Industry Classification System of 1997 published

6   by the U.S. bureau of the census.

7

8   <u>NEW SECTION.</u> **Section 2. Job gains tax credit -- credit for computer manufacturing or software**

9   **services.** (1) There is allowed as a credit against the taxes imposed by 15-30-103, 15-31-101, 15-31-121,

10   and 15-31-122 an amount equal to:

11   (a) the job gains tax credit determined under subsection (2) or (3); and

12   (b) any job gains tax credit carryovers.

13   (2) Except as provided in subsection (3), there is a job gains tax credit for a new business or

14   expanding business in an amount equal to $500 for each qualifying job. A qualifying job:

15   (a) must have been created by the taxpayer in either the tax year or the year previous to the tax

16   year for which the credit is applied;

17   (b) may not have been previously claimed for the job gains tax credit and must be an additional

18   job created by the taxpayer that does not replace an existing job;

19   (c) is a job for which the taxpayer paid the jobholder or jobholders, if job turnover caused more

20   than one individual to hold the job, a minimum of $23,000 in Montana gross income during the tax year

21   for which the credit is applied.

22   (3) The tax credit allowed under this section for a new business or expanding business engaged

23   in computer manufacturing or providing software services is $650 for each qualifying job.

24   (4) If the credit granted under this section exceeds the taxpayer's liability for the tax year, the

25   amount of the excess may be carried over as a job gains tax credit for the succeeding 3 tax years. The

26   entire amount of unused credit must be carried forward to the earliest of the succeeding years, and the

27   oldest available unused credit must be used first. The credit may be carried forward only if the qualified

28   job for which the unused credit was granted still exists and the jobholder or jobholders were paid the

29   minimum amount set forth in subsection (2)(c).

30   (5) A taxpayer claiming a credit under this section may also claim a credit under the provisions

1 of 15-31-125 if the taxpayer creates six or more new jobs and meets the requirements for a new or

2 expanding industry credit, as provided in 15-31-124 through 15-31-127, and meets the requirements of

3 this section.

4   (6) The amount of any credit claimed for a tax year under this section must be subtracted from

5 any amount of wages and salaries that the taxpayer claims as a deduction for that tax year under

6 15-30-111 or 15-31-114.

7   (7) A credit claimed under this section by a small business corporation or by a partnership must

8 be attributed as provided in 15-31-137.

9   (8) The income amount specified in subsection (2)(c) must be adjusted for inflation annually by

10 the department. The adjustment is determined by multiplying the dollar amount in subsection (2)(c) by the

11 ratio of the implicit price deflator for the second quarter of the previous year to the implicit price deflator

12 for the second quarter of 2001 and rounding off the product to the nearest dollar. The department shall

13 use the implicit price deflator for personal consumption expenditures as published quarterly in the Survey

14 of Current Business by the bureau of economic analysis of the U.S. department of commerce.

15

16   NEW SECTION. **Section 3. Job gains tax credit.** There is a job gains tax credit allowed against

17 the taxes imposed by 15-30-103 as provided in [section 2].

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19   NEW SECTION. **Section 4. Codification instruction.** (1) [Sections 1 and 2] are intended to be

20 codified as an integral part of Title 15, chapter 31, and the provisions of Title 15, chapter 31, apply to

21 [sections 1 and 2].

22   (2) [Section 3] is intended to be codified as an integral part of Title 15, chapter 30, and the

23 provisions of Title 15, chapter 30, apply to [section 3].

24

25   NEW SECTION. **Section 5. Applicability.** (1) [This act] applies to tax years beginning after

26 December 31, 2001.

27   (2) [This act] applies to jobs created after December 31, 2001, and before January 1, 2007.

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